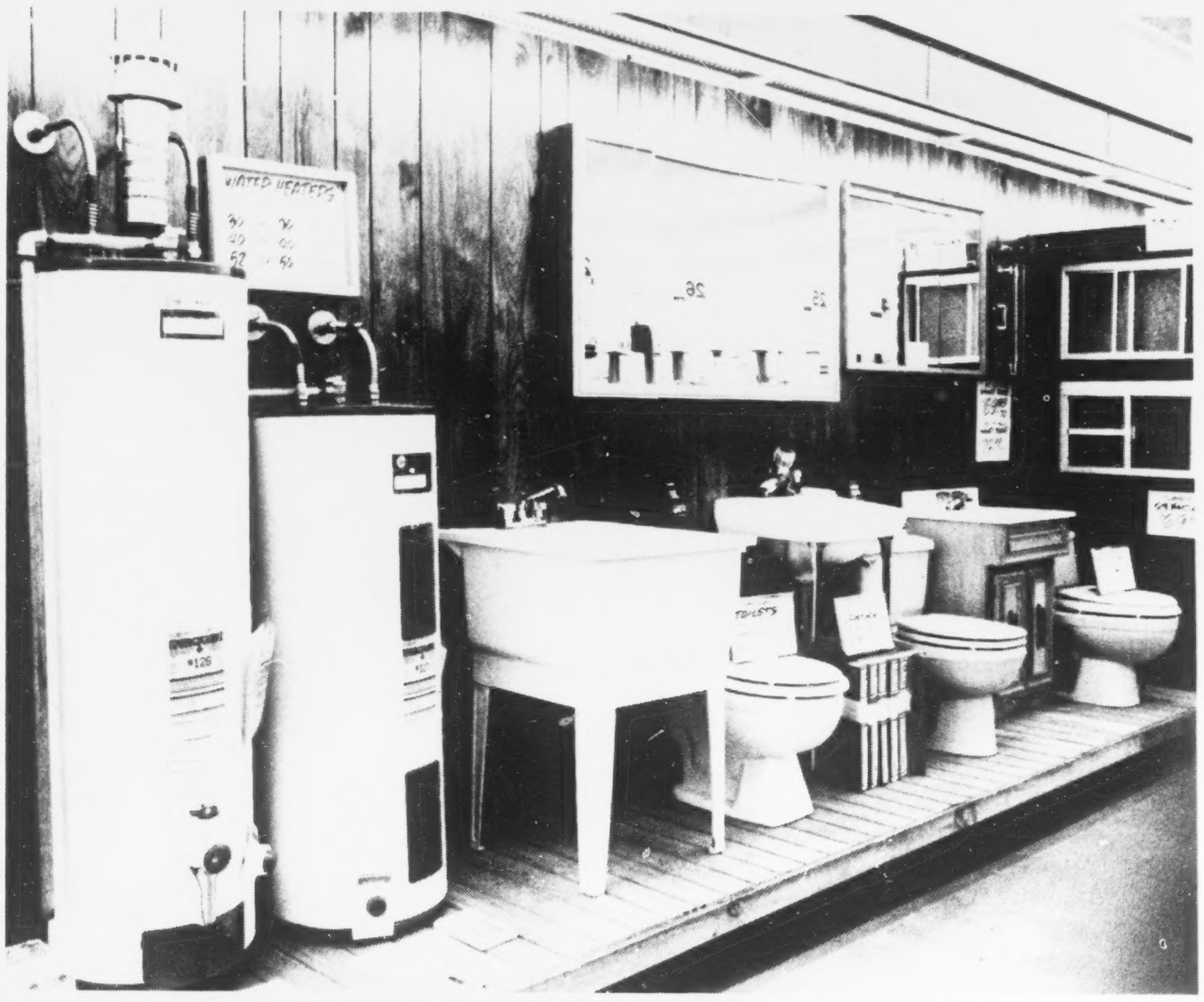
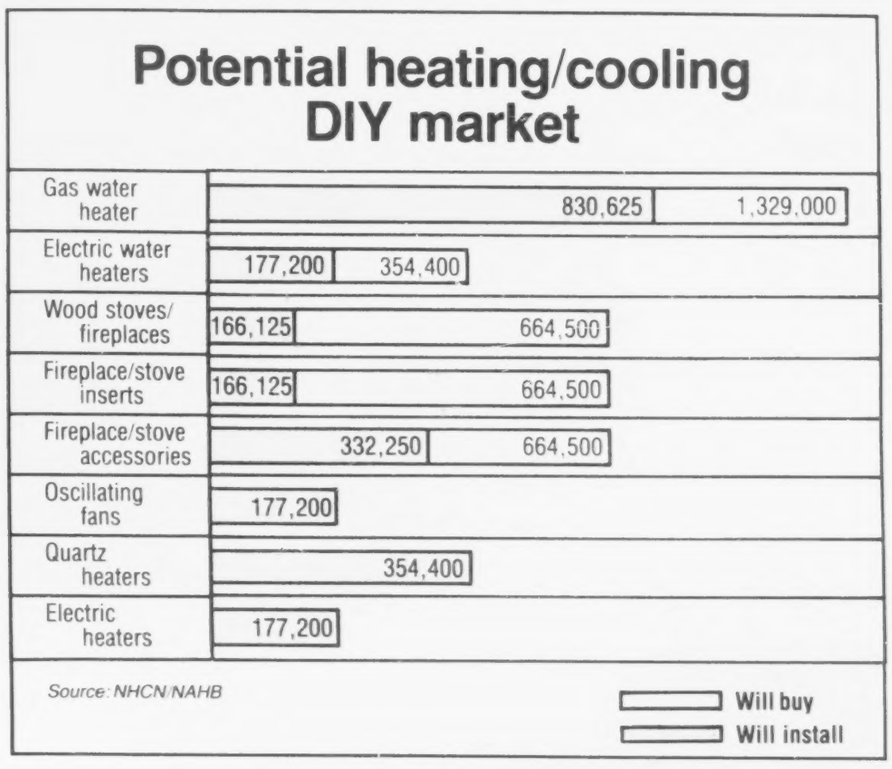
MERCHANDISING SPOTLIGHT



At this Angels store, Phoenix, water heaters are featured in the plumbing department in a realistic wall display adjacent to bath fixtures. NHCN photo

Potential heating/cooling DIY market



Heating/cooling consumers willing to install: Survey

NATIONAL REPORT—Preliminary results of a joint *National Home Center News*/National Assn. of Home Builders survey reveals that a large percentage of potential buyers of heating/cooling products at home centers would be willing to install the product themselves.

A significant 62.5% of a potential gas water heater market of 1,329,000 indicated they would install the heater without any professional assistance. Potential buyers of the less familiar electric water heaters were slightly less willing to do the job themselves; 50% of a much smaller potential market of 354,000. (Retailers queried indicated that the gas heater DIY market might be closer to 100%.)

Potential wood-burning stove and fireplace customers totaled 664,500, with 25% indicating that they would install the units themselves. Similar results were obtained from potential fireplace and stove insert customers. Half of all fireplace and stove accessory buyers stated they would install the accessories without outside help.

The potential market for portable quartz heaters was measured at 354,400 and all potential buyers surveyed indicated they would install the heaters themselves, a simple matter of plugging the unit into an electrical outlet. Portable electric heater and oscillating fan buyers, each with potential markets totaling 177,200, indicated they would also "install" the units themselves.

The *NHCN*/NAHB survey was conducted over the past several months. Final figures covering all home center product categories will appear in the July 5th issue of *National Home Center News*.

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N. Atlantic group joins NLBMDA

WASHINGTON—The board of directors of the National Lumber and Building Material Dealers Assn. has approved the membership application of the North Atlantic Building Materials Dealers Assn. to become a federated association of NLBMDA.

NLBMDA president Doug Ashy said the new organization was formed to provide a vehicle for dealers to become affiliated with the national association from those states where no federated association currently exists. The new group will represent Connecticut, Maine, Massachusetts, New Hampshire, New York, Rhode Island and Vermont.

Chairman of the charter committee, Earl Carpenter of Street Lumber, South Hadley, Mass., submitted the application.

For membership information contact Earl Carpenter, Street Lumber, 48 Lamb St., South Hadley, Mass. 01075.

FINANCIAL NEWS

SALES & EARNINGS

Company	Period Ended	Current Sales*	Year-Ago Sales*	% Change	Current Earnings*	Year-Ago Earnings*	% Change
Diamond Int'l	3/28-12 wks.	$ 264,979	$ 309,597	– 14	$ 12,918	$ 9,933	30
Evans Products**	3/31-1st qtr.	137,096	141,394	– 3	– 1,669	2,693	—
W. R. Grace	3/31-1st qtr.	1,463,173	1,489,417	– 2	144,176	83,570	73
Southwest Forest Ind.	3/31-1st qtr.	144,948	200,097	– 28	– 4,603	4,572	—
Wolohan Lumber	3/31-1st qtr.	10,561	16,060	– 34	– 599	– 260	—

*$ in thousands
**Figures include revenues and operating income from Evans' Products' retail group only

Evans retail posts loss in 1st qtr.

PORTLAND, Ore.—The 348-unit retail division of Evans Products saw both sales and operating income slide in the first quarter of 1982 ended March 31.

Traditionally one of this $1.5 billion corporation's strongest performers, Evans Retail had a 3% sales decline to $137,096,000 while operating income showed a $1,669,000 loss, compared to an operating income of $2,693,000 garnered during the same period last year.

With the exception of its transportation and systems group, with revenues up 10.7% to $101.7 million and income up 117.5% to $17.9 million, all other divisions at Evans showed losses for the first quarter.

Corporately, Evans Products reported a first quarter 1982 loss of $8,889,000, or 82¢ per common share, on revenues of $294 million, down 6.7% from the previous year. In a related matter, the company's board of directors determined it would omit the cash dividend on common stock.

In the first quarter of 1981, Evans suffered an operating loss of $8.8 million, or 81¢ per common share, on revenues of $316 million.

While total operating earnings, including $10.9 million before taxes from the sale of tax benefits, were slightly above last year's first quarter results, the loss before taxes was $4.9 million higher. The major reasons, according to company officials, for the increase were the impact of a $2 million gain from a real estate transaction reported in last year's first quarter and a $2.9 million, or 18%, rise in interest expense because of increased debt.

The ommission of the dividend on the common stock (Evans has 12,362,737 shares outstanding) reflects the impact of the recession and high interest rates on Evans' operating results, as well as certain limitations on the payment of dividends.

Retail earnings drop 80% in 1st quarter at Diamond

NEW YORK—The continuing slump in the housing industry coupled with a sluggish economy contributed to a more than 80% drop in retail earnings and a $4.3 million pretax loss for the lumber group at Diamond International in the 12-week period ended March 28, William J. Koslo, Diamond's chairman and president, said.

Diamond's retail holdings include a national chain of 120 stores.

Economic conditions resulted in income from continuing operations falling 76% to $2,204,000 while Diamond's net sales fell 14% to $264,979,000 from the same period a year ago.

The company's net income rose from $9,933,000 a year ago to $12,918,000 in the first 12 weeks of this year. The fiscal 1982 total, however, included $10,714,000 in income from discontinued operations, mainly involving the sale of its United States Playing Card subsidiary.

New lumber regs. may even flow

WASHINGTON—New regulations controlling sale of National Forest timber, effective April 15, are aimed at evening the flow of lumber production, controlling speculation and generating more cash for the Federal Government.

As a result of public hearings, the regulations are somewhat different from the version printed in the Federal Register in January.

For example, originally timber harvesters were required to put down a 5% cash deposit within 10 business days of the bid. Now the deposit may also be in credit, rather than cash, and the company has 30 days to place it.

In addition, the deposit may be applied to stumpage payments as soon as roads are built. In January's version of the rules the company also had to first harvest 25% of the timber.

Another liberalized change calculates the midpoint of a sale from after the time roads have been built. This is important to harvesters because at that midpoint a significant payment, sometimes 25% of the contract price, is due to the Government.

One of the changes not favored by the forest industry is a discount of up to 25% available to companies in Oregon. Washington and northern California for removing timber earlier than scheduled.

According to Mark Pawlicki, staff assistant for the National Forest Products Assn., the provision could foster speculation. A company with less timber under contract could afford to bid up a sale in order to win a contract since the discount would reduce the actual cost. In contrast, the argument goes, the operator with more under contract has less flexibility in scheduling when timber will be harvested.

Pawlicki said the forest products industry generally favors another provision that allows a contract to be extended in certain circumstances, without a reappraisal or deposit.

This automatic, market-related contract term adjustment, as it is called, will go into effect when demand slumps severely. Based on the formula for determining when the adjustment is triggered, there would have been four instances since 1946, Pawlicki said.

Theoretically the price of timber should be less with the new regulations. But, Pawlicki said, no one is really sure what effect the rules will have. Their impact will be evaluated in the spring of 1983 and again in 1984.

FUTURES

Two weeks ended April 30, 1982

	High	Low	Close	Previous Week	Open* Interest	Contract High	Contract Low
LUMBER (CME)—130,000 bd. ft. spruce-pine-fir 2x4's; $ per 1,000 bd. ft.							
May	138.00	120.60	126.80	126.30	1,872	220.30	120.60
July	150.60	133.60	139.50	139.70	3,452	224.50	133.60
Sept	159.40	143.40	148.50	149.50	1,217	229.50	143.40
Nov.	160.20	146.70	149.40	150.50	620	224.50	146.70
Jan. '83	167.00	155.00	158.00	159.00	353	205.50	155.00
March	175.50	164.10	167.10	167.60	71	209.80	164.10
May	182.50	172.00	174.00	176.20	85	202.00	172.00
Total Contract Vol. (Through 4/30): 24,841						**Previous Two Weeks: 16,013**	
Total Open Interest (As of 4/30): 7,743						**Previous Week: 7,675**	
Cash Price: $121.52			**Previous Week: $125.44**			**Year Ago: $176.40**	
PLYWOOD (CBT)—76,032 sq. ft. ½-in. Western ext. 4/5-ply; $ per 1,000 sq. ft.							
May	158.70	151.00	156.50	155.70	1,168	241.00	151.00
July	164.00	156.20	161.30	160.80	1,955	219.00	156.20
Sept.	168.00	160.80	165.40	165.20	568	224.50	160.80
Nov.	171.50	165.00	169.70	168.50	271	226.50	165.00
Jan. '83	175.50	168.00	173.50	172.10	148	218.60	168.00
March	179.50	174.00	178.50	176.00	8	196.30	174.00
Total Contract Vol. (Through 4/30): 7,325						**Previous Two Weeks: 5,000**	
Total Open Interest (As of 4/30): 4,118						**Previous Week: 3,929**	
Cash Price: $158.76			**Previous Week: $159.74**			**Year Ago: $203.84**	

COMMODITY RESEARCH BUREAU INDEX:	This Week	Previous Week	Year Ago
	253.1	255.3	289.1

CME—Chicago Mercantile Exchange CBT—Chicago Board of Trade
*Figures for Thursday, April 29
Open Interest is the number of outstanding contracts for each delivery month not liquidated by an offsetting transaction or fulfilled by delivery.

STOCK PRICES

	As of 4/28	52-week High	52-week Low	P/E Ratio
Boise Cascade (NYSE)	29⅛	48¼	26	9
Diamond Int'l (NYSE)	37	41¼	26¼	18
Evans Products (NYSE) [Alamo Ent., Grossman's, Moore's Hubbard & Johnson, Lindsley]	10¾	26½	10¾	12
Forest City (AMEX)	12½	20	11¼	—
W. R. Grace (NYSE) [Angels, Cashway, Channel, Handy City, Handy Dan, Orchard]	38¼	53	34⅜	4
Lowe's (NYSE)	14½	18⅞	10½	16
Payless Cashways (NYSE)	21	21⅝	15¼	16
Scotty's (NYSE)	19¾	26⅝	15⅛	10
Southwest Forest Industries (NYSE) [Dunlap's, Knox Lumber]	10½	26⅞	10½	38
Wickes (NYSE) [Wickes Lumber, Builder's Emporium]	2¼	17	2¼	2

Over-the-counter stocks

	As of 4/28 Bid	As of 4/28 Asked	52-week High (Bid)	52-week Low (Bid)
Erb Lumber	9¼	10	14¾	7½
Hechinger	17⅛	17⅜	23⅛	10¼
Hines Lumber	18½	19½	23	15
The Home Depot	16¼	16¾	18¼	7¾
Pay 'N Pak	15⅛	15⅜	18	13⅛
Pay 'n Save	18¾	18⅞	29½	16½
Scotts Seaboard [Scott's]	1	1⅜	2¾	½
Wolohan Lumber	3¼	3½	5⅞	3

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Wickes trims sails

(Continued from page 1)

Although the Gambles creditors accepted the enlarged, compromise steering committee, they also intended to meet separately at a previously planned meeting to explore how the needs of Gamble's trade creditors may differ from Wickes'.

While the problem of competing interests is not unusual in a bankruptcy proceeding, the immensity of this case—one of the largest in United States history—and the diversity of Wickes' holdings make it more difficult to organize.

Wickes Lumber's largest creditors	amount owed
Georgia Pacific, Portland, Ore. Gold Bond Building Products, Charlotte, N.C.	$2,265,700 1,500,000
CertainTeed, Valley Forge, Pa. Champion Building Products, Stamford, Conn.	674,700 665,700
Tolleson Lumber, Perry, Ga. Armstrong World, Lancaster, Pa.	518,200 495,000
Magicolor, Wheeling, Ill. Plywood Panels, New Orleans	447,600 412,500
Weyerhaeuser, Tacoma, Wash. Gambles, Minneapolis	338,900 306,000
MacMillian Bloedel Ltd., Vancouver, B.C. Owens Corning Fiberglas, Chicago	305,200 281,795

Source: U.S. Bankruptcy Court filing, NHCN chart

Bernard Shapiro, a lawyer with one of the two Los Angeles law firms that have joined to represent Wickes, urged that an executive, or bridge, committee be formed to coordinate the four groups created by the U.S. Trustee. "so that we don't need four separate blessings on every application before the bankruptcy court," he said.

Shapiro also underscored the need for strong trade representation on the creditor committee.

"The trade knows what's going on out there," he said. "The banks don't always know."

Still in question

Exactly what is going on at Wickes will not become clear until the middle of this month when audits are completed. In the meantime, trade creditors, while impressed with Sigoloff's reputation and the presentation he made in Chicago, are hedging their commitment to Wickes' future.

"The meeting was encouraging, but the situation is still extremely nebulous," said Glen Toppenden, regional credit manager, Weyerhaeuser, Chicago, after Sigoloff addressed the trade creditors.

"It is in Weyerhaeuser's best interest to wait and see if there will be a rehabilitation of Wickes," he said. "We are not doing business with them as usual, although I understand that some vendors have restarted selling Wickes open term. Our dealings with them could change next week—we just don't know how the company is going to go."

"It's still too early for us to decide how we should deal with Wickes," said Doug Dillenbach, credit manager for Gold Bond Building Products, Charlotte, N.C. "The meeting, I think, went a long way in improving Wickes' relations with creditors, but there are still too many pieces missing in the puzzle."

Dillenbach emphasized the need for Wickes to improve trade creditor relations:

"It really doesn't make much difference what the banks do if Wickes is unable to convince trade creditors it can come out of this," he said. "Sigoloff was very well prepared and frank in his speech, but unless he can get vendors to go along with him, Wickes will go under."

Vendors have ample reason to ship Wickes if they are confident the company will survive. According to the new bankruptcy code, goods shipped since the Chapter XI filing are considered administrative debt, which receives first priority for payment.

Stephen Feldman, a lawyer with Stutman, Treister & Glatt, the other firm representing Wickes in bankruptcy court, put the importance of administrative debt status in perspective.

"Let me put it this way," he said. "It's the same level as the lawyers', so you know it's going to be paid."

Wickes' long term debt

(in millions)

Bank	Amount borrowed	Amount owed	Rate	Due
Chase Manhattan	$60	$60.0	10¼% sinking fund debenture	July 15, 2004
Chase Manhattan	$60	$47.6	7⅞% sinking fund debenture	July 15, 2004
Security Pacific National	$35	$35.0	8⅞% sinking fund debenture	July 1, 1997
Continental	$40	$11.7	5⅛% convert sub. debenture	
Continental	$27	$19.1	9% convert sub. debenture	May 1, 1999
Security Pacific National	$15	$15.0	8¼% notes	July 1, 1984

Source: U.S. Bankruptcy Court filing, NHCN Chart

Four creditor committees formed

LOS ANGELES—Four separate creditor committees have been established in the Wickes bankruptcy by the Los Angeles U.S. Trustee. The groups are organized according to the part of the conglomerate which is responsible for the debt: Wickes Corp., Gambles Corp., Wickes Credit or Gambles Credit.

Under the new bankruptcy code, the committees will play a large role in reorganizing Wickes Cos. and developing a plan for repaying creditors. The mix of banks and vendors on the committee roughly reflects the relative amount of debt owed.

Members of the creditor committees are:

WICKES CORP.: Security Pacific National Bank, U.S. National Bank of Oregon, Continental Illinois National Bank, First National Bank of Chicago, Bank of Nova Scotia, Manufacturers Hanover Trust, First Interstate Bank of California, Banque De Paris, Royal Bank of Canada, La Salle National Bank (public debt), The Lane Co., CertainTeed, Georgia-Pacific, Black & Decker, U.S. Gypsum, The Enterprise Co. and American Property Investors. Also, J. Henry Schroder Bank & Trust and European American Bank are ex officio, nonvoting members representing public debt.

GAMBLES CORP.: Maine Midland Bank, Wells Fargo Bank, Canadian Imperial Bank of Commerce, Banque De Paris, First National Bank of Chicago, Crocker National Bank, Bank of Nova Scotia, Security Pacific National Bank, Michigan National Bank, Royal Bank of Canada, National City Bank of Minneapolis, American Credit Indemnity, General Electric, MTD Products, Bristol Meyers, Murray Ohio Manufacturing, General Foods, Kraft Foods, Big Yank, Walter Heller and Silver Pilver. Also, Northwest National Bank of St. Paul and Noxell are ex officio members.

WICKES CREDIT: Fidelity Bank, Central National Bank of Cleveland, Dresdner Bank, Canadian Imperial Bank of Commerce and Chase Manhattan.

GAMBLES CREDIT: Bankers Trust, North Western National Bank of Minneapolis, National Bank of North America, First National Bank of Boston, First National Bank of Minneapolis, Royal Bank of Canada and Metropolitan Life Insurance. Also, J. Henry Schroder & Co. serves ex officio.

In addition, Wickes Cos. trade creditors have formed a steering committee to protect vendor interests. The 18 members of that group, which has no statutory power, are:

THE STEERING COMMITTEE: Lane Co., CertainTeed, Armstrong World Industries, Abitibi-Price, Goldbond division of National Gypsum, Weyerhauser, U.S. Industries, Allegheny Sunbeam, Black & Decker, Champion International, U.S. Gypsum, Stanley Works, General Electric, Murray Ohio Manufacturing, Clairol, Associated Commercial, MTD Products and Beatrice Foods.

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Builders Emporium's largest creditors	amount owed
Capitol Brush, Compton, Calif. A. M. Lewis, Riverside, Calif. Black & Decker/McCulloch, Los Angeles	$872,686 721,170 528,827
Jarvis Electric, Los Angeles Stanley Works/Vemco, Philadelphia Plywood L.A., Los Angeles	450,275 387,648 302,857
Familian Pipe, Van Nuys, Calif. USCP-Wesco, Los Angeles GTE Sylvania, Los Angeles	136,743 128,816 92,925

Source: U.S. Bankruptcy Court filing, NHCN chart

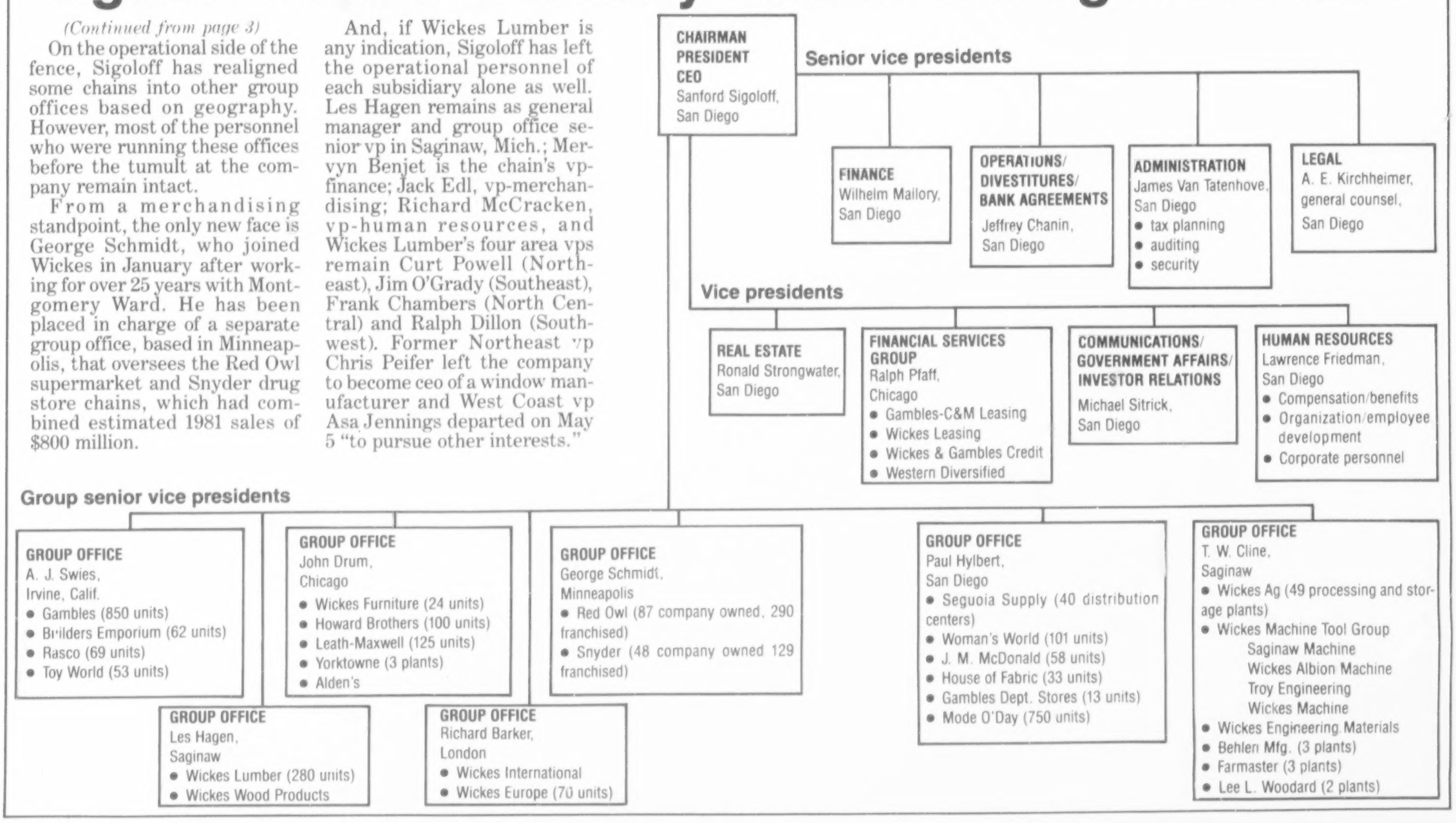
Sigoloff moves to solidify Wickes' management team

(Continued from page 3)

On the operational side of the fence, Sigoloff has realigned some chains into other group offices based on geography. However, most of the personnel who were running these offices before the tumult at the company remain intact.

From a merchandising standpoint, the only new face is George Schmidt, who joined Wickes in January after working for over 25 years with Montgomery Ward. He has been placed in charge of a separate group office, based in Minneapolis, that oversees the Red Owl supermarket and Snyder drug store chains, which had combined estimated 1981 sales of $800 million.

And, if Wickes Lumber is any indication, Sigoloff has left the operational personnel of each subsidiary alone as well. Les Hagen remains as general manager and group office senior vp in Saginaw, Mich.; Mervyn Benjet is the chain's vp-finance; Jack Edl, vp-merchandising; Richard McCracken, vp-human resources, and Wickes Lumber's four area vps remain Curt Powell (Northeast), Jim O'Grady (Southeast), Frank Chambers (North Central) and Ralph Dillon (Southwest). Former Northeast vp Chris Peifer left the company to become ceo of a window manufacturer and West Coast vp Asa Jennings departed on May 5 "to pursue other interests."



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Vol. 8, No. 12 — The newspaper for retailers serving homeowners and contractors. Published by Lebhar-Friedman Inc. — June 7, 1982

$7 per year $2 per copy

Birth of a home center chain

Hal's debuts in Milwaukee area

By John Caulfield
NHCN associate editor

WAUWATOSA, Wis.—To shoppers, the May 20 debut of two Hal's Hardware and Lumber stores had all the fanfare of a major grand opening. But this was no ordinary opening. The festivities brought together a core of investors that included some of the biggest names in the home center industry.

These men and women, who have served in executive capacities at W. R. Grace, Handy City, Handy Dan, Forest City, Ole's and Channel, are banking on the birth of this new company to light a fire under the Milwaukee market that has so far seen little home center development.

Until recently, five Grossman's units shared Milwaukee home improvement sales with discounters and independent hardware and lumber dealers. Hotter competition can be expected with the arrival of the Hal's stores here and in the Greenfield section of the city, as well as the long-anticipated en-

(Continued on page 4)

Mary Kodis (third from l.) will preside over Hal's Hardware and Lumber, a new two-store operation in suburban Milwaukee. Flanking Kodis are Fred and Bob Slater (l.), Max Knell (fourth from r.) and his family and Bob and Melene Nahodil (far r.). NHCN photos

H. M. Woods expands beyond the Rockies

By Greg Puchalski
NHCN senior editor

LAS VEGAS, Nev.—Hugh M. Woods will join an expanding list of DIY retailers here by the summer of 1983 when chain officials plan to open two stores, the 12-unit firm's first outside Colorado, *NHCN* has learned.

Randal H. Woods, president of the $80 million chain, said he hopes to complete negotiations on two sites shortly and to construct his unique operation consisting of a 30,000-40,000-sq.-ft. store and an open drive-through lumber and building materials facility on about six acres at each location.

Woods feels Las Vegas offers good home center market opportunities.

"We felt we had reached our limits in Colorado," Woods explained. "We are utilizing our distribution center at peak efficiency. We felt we had to move on.

"Six months ago, we started looking out of state and all over the United States. Las Vegas was our choice."

Las Vegas has also been the choice of other home center dealers in the last five years.

Since Pay 'n Save purchased a Von Tobel's outlet here in 1977 and added it to its home center division, three other major home center chains have entered Las Vegas.

84 Lumber located an outlet here in the late 1970's and Ole's, with the acquisition of Corb's Home Center, entered the market in March 1980. Later that year, Wickes Lumber opened a Las Vegas store.

Since becoming part of the city's DIY market, Pay 'n Save, under the Von Tobel's name, and Ole's have both upped their store counts here to three.

For Woods, the dominant home center chain in Denver for many years, expansion into Las Vegas marks a continuation of

(Continued on page 4)

NEWSBREAKS

CREDIT COMMITTEE HEADS CHOSEN. Richard Daniel of Security Pacific National Bank and Jack Zimmerman of CertainTeed have been selected chairman and co-chairman, respectively, of the Wickes' operations creditor committee, one of four separate committees (*NHCN*, May 24) which held organizational meetings to choose chairmen and co-chairmen, one of whom represents banking interests, the other trade. The U.S. Bankruptcy Trustee in Los Angeles, acting on a motion by Security Pacific, has been searching for an examiner to investigate activities that brought Wickes to its current plight. An investigating firm is expected to be appointed soon.

INSIDE

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Wrecking ball claims 1st Ernst

For 80 years, the northwest corner of 6th and Pike Streets in Seattle served as the location for the first of what eventually became 69 Ernst Home Centers. This photo, taken circa 1934, shows the building Ernst leased from LCF & Associates, a local developer that began demolishing the structure to make way for a new, 29-story office building. Pay 'n Save photo

Century Supply sales rise 18% after joining CBS ad program

By Tom Moloney
NHCN field editor

CHICAGO—Century Supply, a four-unit home center chain based here, was having little success with its newspaper advertising program, when in mid-1980 the company's ad agency advised president Paul Spiewak to get into television.

"Our advertising was of the institutional kind, not the product/price type," said Spiewak. "That's probably why print wasn't working very well for us." As a major retailer of ceramic tile, he became convinced that TV commercials were the solution to his advertising problems.

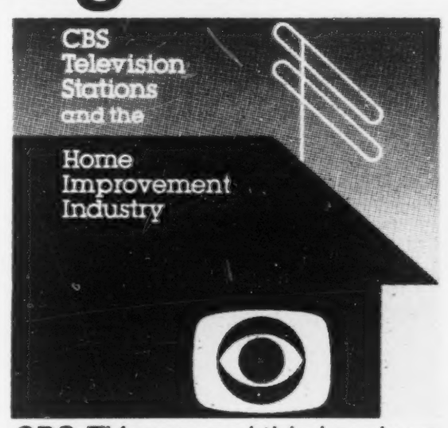
So, Century began what has now become a two-year association with the CBS-TV F.I.R.S.T. (Framework for Insuring Retail Success with Television) program, a relationship which resulted in an 18% sales increase for Century in 1981 over the previous year.

Century's first TV campaign over CBS Chicago affiliate WBBM-TV broke in late 1980 and lasted six weeks. Rich Eichner, president of Rich Eichner & Associates, the chain's ad agency, described the initial TV foray as "very modest and not enough." The original 30-second commercial involved no co-op funding.

According to Spiewak, sales were up 8% after that first campaign. Encouraged by the measure of success, three series of commercials of four-to-10 week durations were planned for 1981, involving co-op advertising support from three tile manufacturers: American Olean, Congoleum and Kentile.

Spiewak was ecstatic with the resulting increased store volume: up 24% during the first series, 16% following the first series and up a resounding 32% during a midsummer campaign compared with 1980. To accommodate the costs of the TV campaigns, Century increased its advertising budget by 50% during 1981. The cost of the four commercials produced was estimated by Eichner at $5,000, with half of that coming from

(Continued on page 42)



CBS-TV prepared this brochure for prospective F.I.R.S.T. program participants in the home improvement industry. It includes program details and industry statistics.

Lead poisoning: a hidden hazard for the DIYer

By Molly Brauer
NHCN field editor

NATIONAL REPORT—Lead poisoning is a disease doctors can easily spot in children, but with a growing number of do-it-yourselfers repairing or restoring old homes or furniture, a new type of patient is surfacing.

Affluent young professionals seem to be coming down with the poisoning as they restore urban brownstones or country farmhouses. And doctors say the disease is hard to diagnose because adults don't display the symptoms associated with lead poisoning as clearly as children do.

Wrist drop, foot drop, colic, constipation and telltale lead lines in the gums are classic symptoms in children, but adults' fatigue, irritability, achey muscles or joints, constipation or stomach cramps are easily attributed to a myriad of causes.

A survey of home centers across the country did not reveal any store with warnings about possible lead poisoning on products associated with paint removal or in store departments where the products are sold. Several buyers remarked that they didn't see the need for such warnings because lead paint had been off the market for years. They also said the subject of lead poisoning warnings had never come up.

(Continued on page 42)

DIY Industry update

Grace: No Eastern division

NEW YORK—Now that W. R. Grace has aligned its home centers west of the Mississippi into Western and Central regions (*NHCN*, March 29), can a similar arrangement for its Eastern home centers, including Channel and Handy City, be on the horizon?

Not really, according to Grace president Carl N. Graf.

"We're always looking at ways of increasing productivity and reducing the cost of doing business," he said at Grace's annual meeting last month, "but we have no plans to announce an Eastern region."

Grace home center executives have been active in the store expansion area, however, with first-quarter openings of Handy Dan units in Deer Park and Garland, Tex., and a Cashway in Albuquerque, N.M. Even more recently, a Channel Home Center made its debut in Framingham, Mass.

Grace will continue to focus its primary DIY expansion on the Sunbelt, Graf said.

Chairman J. Peter Grace confirmed that Grace is one of numerous companies expressing interest in Wickes-owned stores if the firm, currently in Chapter XI bankruptcy proceedings, decides to sell off any of its home center interests.

Executive committee chairman Felix Larkin reported that Grace home centers did $794 million in sales last year and that for its retailing group in general, first-quarter losses were greater than a year ago.

Ernst plans 'zero growth' in '82

SEATTLE—The expansion of the Ernst Home Center chain has been put on hold for 1982, according to its parent company, Pay 'n Save.

The decision not to open any new stores this year comes after three years of steady growth that saw the Pacific Northwest chain increase its net store count by 27 stores, to 86.

Referring specifically to the $264.9 million home center division, executive vp-operations Ron Erickson told stockholders at last month's annual meeting that the chain's theme this year would be "back to basics."

Essentially, this means "zero" unit growth, with company officials cancelling the few store openings planned for this year. "We had a few stores scheduled and then took them off," said Bill Boston, vp and group general manager, in a separate interview with *NHCN*. "We'll use this year to retrench and fine-tune our existing units."

Future expansion plans were also "difficult to predict," Boston added. "Just last week we learned that two stores we had planned for 1983 may be delayed until 1984." However, he noted that no store closings were expected this year.

Sales at the home center division were up 28%, but its 75% decrease in earnings to $2.5 million, or 11% of Pay 'n Save's profits, was cited by executive vp-administration Calvin Hendricks as a "major problem" contributing to the corporation's 32% earnings decline to $12.8 million for the year.

Payless buys Dunlap's unit

NORA, Ind.—Payless Cashways has acquired its fourth outlet in the Indianapolis market, purchasing a 16,000-sq.-ft. Dunlap's Home Improvement Center here from Southwest Forest Industries, Phoenix.

The chain is currently remodeling and remerchandising the store and anticipates reopening it next month as a Furrow Building Materials unit, the name carried by the other Payless stores in Indianapolis.

The acquisition gives Payless coverage in each part of the market. "Our three current Indianapolis-area stores are located in the east, west and south parts of the metropolitan area," explained chairman J. Stanley Covey. "Since their construction in 1979, we have attempted to acquire a northside location since it is a rapidly growing and expanding area."

The unit, on about 4.75 acres, will enable Payless to bring its store total to 99 by the end of the year.

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National Home Center News (ISSN 0192-6772) is published biweekly, every other Monday, 25 times a year, beginning with the first Monday in January through the fourth Monday in November, monthly in December; by Lebhar-Friedman Inc., 425 Park Ave., New York, N.Y. 10022. Retailers and wholesalers: $7 a year ($8 in Canada); Manufacturers, schools, libraries and all others: $14 a year ($15 in Canada). Foreign subscriptions: Airmail only, $100 per year.

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Vol. 8, No. 12 June 7, 1982

Boise Cascade taps Savage to head retail/dist. group

By Greg Puchalski
NHCN senior editor

BOISE, Idaho—Former Grossman's and Moore's executive Edwin M. Savage has been named the new marketing manager of Boise Cascade's building materials distribution division, including its 96 stores.

He succeeds Bill Van Note, another former Grossman's employee who left Boise late last year for business and personal reasons, a company spokesman said.

Savage becomes responsible for implementing retail operations strategy, market analysis and selection and supervision of all merchandising and procurement for the division.

He indicated that there are no quick answers to improve results for the division, however.

Sales have sagged since 1979, when the division did $621 million in volume, reaching only $547 million last year with the retail stores accounting for about half the volume.

Although specific figures for the first quarter were not disclosed, Boise Cascade chairman and ceo John B. Fery said the housing depression brought another unprofitable period for the company's building materials and related businesses in the first quarter of 1982.

The situation has stymied new store expansion and even put a hold on the stores' adoption of a management information system.

Savage does feel conditions will get better—in 1983.

He does not think a sudden change in division strategy will help the situation.

"We'll carry out the retail marketing strategy as it now exists," he said, "with some minor modifications. I believe in evolution rather than revolution."

The company expressed similar sentiments in its 1981 annual report. The building materials centers, which do about 43% of their sales with DIYers, "remained competitive and maintained market share" last year, the report noted, adding that the stores "are capable of handling $1 billion in annual

(Continued on page 4)

Aims to ease identification

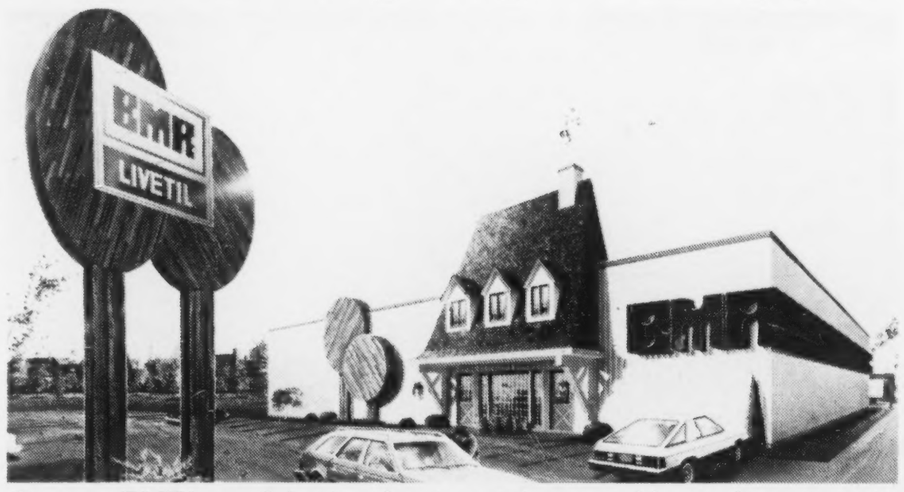
Groupe BMR develops prototype

QUEBEC—Groupe BMR, a cooperative organization of 85 building supply dealers headquartered here, has developed a prototype storefront to promote easy identification of all the dealers in the province.

The chain, an affiliate of Matreco which operates chains of retail stores in Ontario and British Columbia, is a cooperative organization jointly owned by 64 shareholders. Four of the 85 Groupe BMR stores are owned outright by the corporation.

After studying several designs, Groupe BMR opted for a prefab design commissioned from La Maison de Quebec, a local architecture firm. The prefab modules achieve considerable savings for the member stores.

The storefront itself costs about $5,000 and the sign with company logo runs another $4,000. Pierre Chabot, executive vice president, says that the new facades are part of a wider program to integrate the stores in the Canadian cooperative.



Groupe BMR's prefab storefront prototype and logo sign promote chain unity in the province of Quebec.

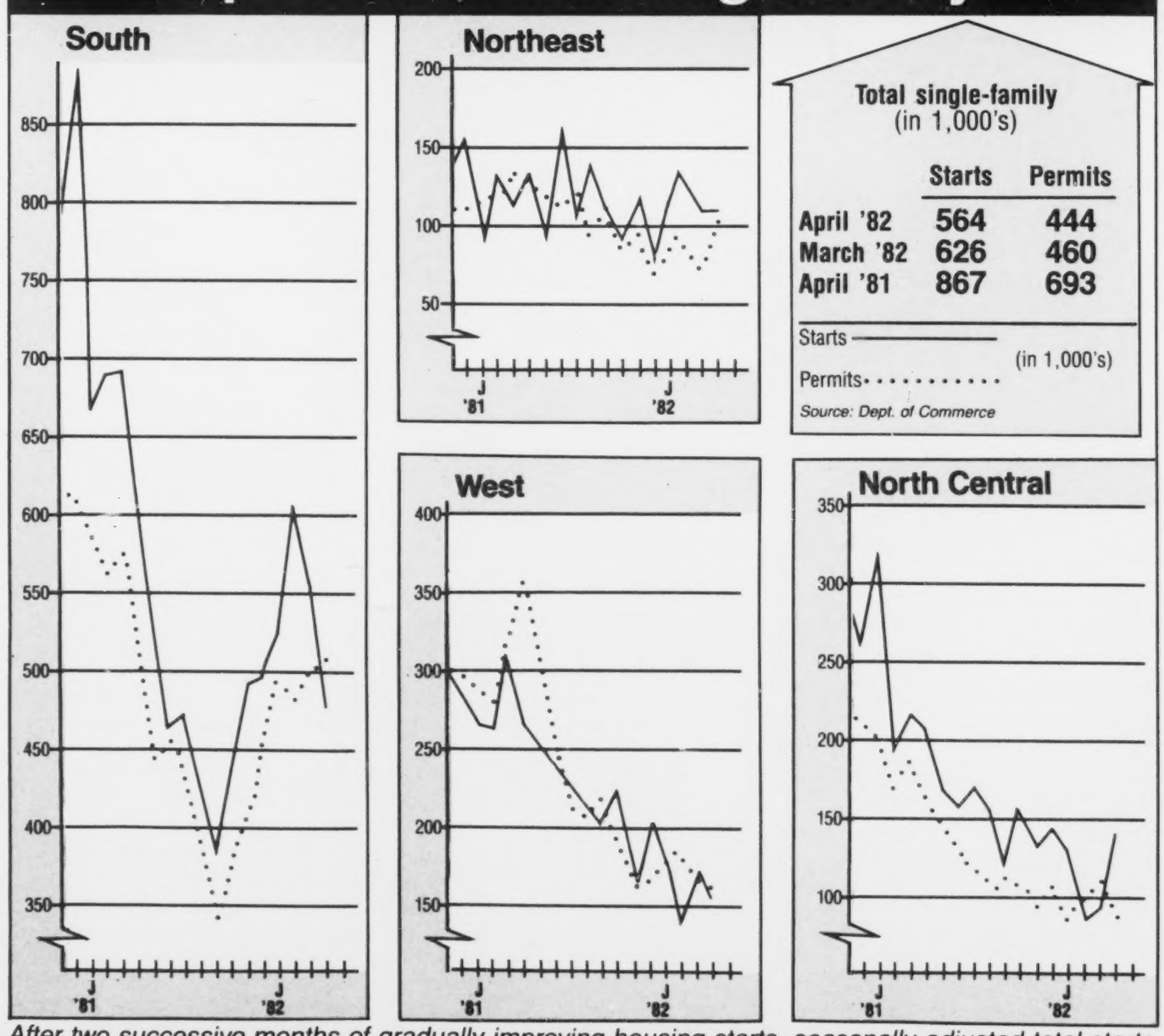
Chabot notes, "we've been making progress in integrating store interiors. About 65% of the stores have standardized interiors using our corporate colors and gondolas." He points out that headquarters is supplying more than facades, however, and that the modules go with backup management and sales training.

The 15-year-old organization started as a buying network for Quebec building supply retailers. The cooperative buying increased market clout, with Groupe BMR taking the next step by "becoming more of a selling organization three years ago," according to Chabot. BMR has become a chain with centralized planning, advertising and marketing strategies.

Employees from every BMR

(Continued on page 42)

April home-building activity



After two successive months of gradually improving housing starts, seasonally adjusted total starts were off 6.4% for April compared with March. Single-family, seasonally adjusted starts were off 10%. Total seasonally adjusted starts were 881,000; single-family starts were 564,000. April was the ninth consecutive month that the seasonally adjusted figure for total starts was less than one million.

Exclusive NHCN survey

Despite imports, domestic tools still dominate

NATIONAL REPORT—Despite mounting pressure from imports, domestic tools continue to dominate the shelves of home centers.

In an *NHCN* survey of 42 chains and independents covering more than 600 stores, nearly half of the respondents said they carry no imported tools. Nearly as many indicated that imported tools claim 10% or less of the total sku's in the department.

In fact, only one retailer in the survey said imported tools comprised more than 50% of his tool selection.

Other survey findings include:

- Many dealers view tools as a growth area in the immediate future.

About half the respondents said they plan no sku changes in the category, but 85% of those who planned changes said they would increase the number of sku's in the department. Some retailers said their increases would range from 10% to 25%.

- As a percentage, the tool department claims a little more of the total store sales than its allotted square footage.

Retailers noted that, on the average, tools account for 11.7% of their total volume, while occupying slightly under 11% of the store's sales space.

- The average annual turn for the department is 4.14.
- Margins typically average 37.5.
- More than 40% of the respondents said they buy 75% to 100% of their tools on a direct basis. More than 30%, however, said they do less than a quarter of their tool buying direct, preferring two-step distribution.
- Home center dealers prefer the center of the store and the front, right-hand corner for their tool department's location, together accounting for 60% of the respondents. No other location claimed as large a response.

Among the 11 hand tools *NHCN* included in the survey, hammers, screwdrivers and measuring tapes offer the best selections and the fastest turns.

A quarter of the respondents said they carry 20 or more different kinds of measuring tapes, by far the fastest-turning hand tool with an average turn of 5.15, the survey said.

About half of those surveyed noted that they carry 20 or more different types of hammers and screwdrivers. Screwdrivers turn slightly better than hammers, 4.45 to 4.22, the study indicated.

Wrenches and pliers also show off varied selections in the tool department and turn at an average rate of 3.79 and 4.53, respectively.

Among the seven categories of power tools *NHCN* reviewed in the study, power drills and circular saws scored the best results. Most repondents said they carry from 6-20 power drills and circular saws each.

The two power tools also emerged as the fastest-turners in their category. The saws turn 4.09 times while power drills turn 3.93 times on the average, the study said.

Chain saws, at an average turn of 3.65, are usually offered in 6-20 different models, but about 20% of the respondents do not offer chain saws, the survey noted.

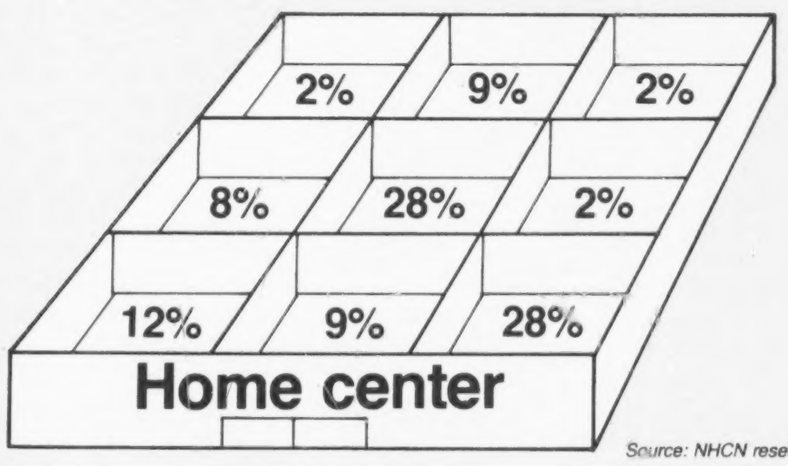
Sabre saws produce an average turn of 3.73.

Typical department statistics

Average department size: (as percentage of store size)	**10.9%**
Average margin:	**37.5%**
Current department volume: (as percentage of total volume)	**11.7%**

Source: NHCN research

Location of tool departments



Source: NHCN research

Comparison of typical tool selections

Hand tools

Item	Average turns	Number of stock-keeping units (sku's)
Measuring tapes	5.15	3% · 0 · 1-5 · 9% · 6-10 · 51% · 11-20 · 37% · 21+
Hand saws	4.59	3% · 0 · 5% · 1-5 · 42% · 6-10 · 36% · 11-20 · 14% · 21+
Pliers	4.53	5% · 0 · 13% · 1-5 · 17% · 6-10 · 34% · 11-20 · 31% · 21+
Screwdrivers	4.45	3% · 0 · 3% · 1-5 · 8% · 6-10 · 30% · 11-20 · 56% · 21+
Hammers	4.22	3% · 0 · 1-5 · 11% · 6-10 · 36% · 11-20 · 50% · 21+
Mitre boxes	4.08	3% · 0 · 30% · 1-5 · 53% · 6-10 · 14% · 11-20 · 21+
Levels	3.97	3% · 0 · 12% · 1-5 · 33% · 6-10 · 33% · 11-20 · 19% · 21+

Power tools

Items	Average turns	Number of stock-keeping units (sku's)
Wrenches	3.79	20% · 0 · 17% · 1-5 · 3% · 6-10 · 23% · 11-20 · 37% · 21+
Planes	3.64	3% · 0 · 30% · 1-5 · 33% · 6-10 · 31% · 11-20 · 3% · 21+
Vises	3.13	18% · 0 · 51% · 1-5 · 15% · 6-10 · 9% · 11-20 · 9% · 21+
Socket wrenches	3.04	28% · 0 · 12% · 1-5 · 15% · 6-10 · 17% · 11-20 · 28% · 21+

Items	Average turns	Number of stock-keeping units (sku's)
Circular saws	4.09	3% · 0 · 24% · 1-5 · 42% · 6-10 · 28% · 11-20 · 3% · 21+
Power drills	3.93	3% · 0 · 19% · 1-5 · 30% · 6-10 · 33% · 11-20 · 15% · 21+
Sabre saws	3.73	10% · 0 · 50% · 1-5 · 30% · 6-10 · 3% · 11-20 · 7% · 21+
Chain saws	3.65	28% · 0 · 15% · 1-5 · 30% · 6-10 · 24% · 11-20 · 3% · 21+
Sanders	3.28	3% · 0 · 41% · 1-5 · 38% · 6-10 · 15% · 11-20 · 3% · 21+
Soldering guns	3.10	16% · 0 · 55% · 1-5 · 16% · 6-10 · 13% · 11-20 · 21+
Routers	3.06	9% · 0 · 67% · 1-5 · 18% · 6-10 · 6% · 11-20 · 21+

Source: NHCN research